

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMERS RURAL ELECTRIC)	
COOPERATIVE CORPORATION, OF GLASGOW,)	
KENTUCKY, FOR A CERTIFICATE OF CONVENIENCE)	
AND NECESSITY FOR CONSTRUCTION OF NEW)	CASE NO. 91-092
EXTENSIONS AND SYSTEM IMPROVEMENTS OF ITS)	
EXISTING FACILITIES, AND FOR THE NECESSARY)	
APPROVAL TO BORROW \$990,722 FROM THE)	
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION FOR THE AFORESAID)	
PURPOSES)	

INTERIM ORDER

Farmers Rural Electric Cooperative Corporation ("Farmers") filed its application on April 16, 1991 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$990,722 from the National Rural Utilities Cooperative Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Farmers filed its 1990-1992 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to service its load. These improvements and additions are estimated to cost \$3,990,590 and will be financed by loans of \$2,244,000 from the

Rural Electrification Administration ("REA") and of \$990,722¹ from CFC. A total of \$785,590 will be financed by Farmers' internally generated funds.

Farmers seeks authorization to construct extensions and additions to its plant as follows:

1. New Consumers	\$1,974,690
2. System Improvements	1,761,000
3. Sectionalizing	74,900
4. Ordinary Replacements	<u>180,000</u>
TOTAL	\$3,990,590

The proposed construction will enable Farmers to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

Farmers has advised the Commission that REA and CFC have yet to issue final authorization for the proposed loans. Therefore, the Commission will defer ruling on the proposed borrowing from CFC. Farmers should notify the Commission when it has received the requisite final loan approvals from REA and CFC. Its request for authorization to borrow from CFC will be considered at that time.

¹ The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Farmers for this loan total \$29,722. The total amount of the REA and CFC loans equals \$3,234,722.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that public convenience and necessity require the construction by Farmers of the improvements and additions to its existing plant as described in its 1990-1992 Work Plan.

IT IS THEREFORE ORDERED that:

1. Farmers be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1990-1992 Work Plan.

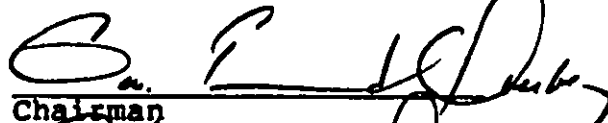
2. Farmers' application for authorization to borrow \$990,722 from CFC and to execute notes to secure such loan is continued generally.

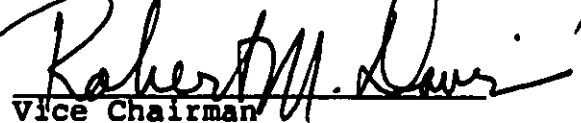
3. Farmers shall inform the Commission every 60 days of the status of its loan from CFC until it receives final loan approval.

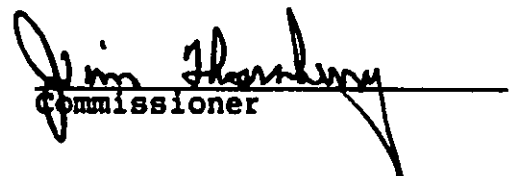
4. Within 10 days of its receipt of final loan approval, Farmers shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 17th day of June, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director